



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-974]

Certain Steel Wheels from the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) determines that countervailable subsidies are being provided to producers and exporters of certain steel wheels (steel wheels) from the People's Republic of China (the PRC). For information on the estimated subsidy rates, see the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: [Insert Date of Publication in the Federal Register.]

FOR FURTHER INFORMATION CONTACT: John Conniff (for the Centurion Companies) at 202-482-1009, Robert Copyak (for the Jingu Companies) at 202-482-2209, and Kristen Johnson (for the Xingmin Companies) at 202-482-4793, AD/CVD Operations, Office 3, Import Administration, U.S. Department of Commerce, Room 4014, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background

This investigation, which covers 28 programs, was initiated on April 19, 2011.<sup>1</sup> The petitioners in this investigation are Accuride Corporation and Hayes Lemmerz International, Inc.

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<sup>1</sup> See Certain Steel Wheels From the People's Republic of China: Initiation of Countervailing Duty Investigation, 76 FR 23302 (April 26, 2011).

The respondents in this investigation are: Jining Centurion Wheel Manufacturing Co., Ltd. (Centurion),<sup>2</sup> Shandong Xingmin Wheel Co., Ltd. (Xingmin),<sup>3</sup> and Zhejiang Jingu Company Limited (Zhejiang Jingu).<sup>4</sup> The Department initially, in addition to Zhejiang Jingu, selected Jiangsu Yuantong Auto Parts Co., Ltd. (Yuantong) and Zhejiang Jinfei Machinery Group Co. Ltd. (Zhejiang Jinfei) to be mandatory respondents. Yuantong and Zhejiang Jinfei, however, submitted responses to the Department's shipment questionnaire in which each company certified that it did not export subject merchandise to the United States during the period of investigation (POI).<sup>5</sup> We analyzed entry documents obtained from U.S. Customs and Border Protection (CBP) and found that the documentation confirmed the non-shipment claims of Yuantong and Zhejiang Jinfei.<sup>6</sup>

#### Period of Investigation

The POI for which we are measuring subsidies is January 1, 2010, through December 31, 2010, which corresponds to the PRC's most recently completed fiscal year at the time we initiated this investigation. See 19 CFR 351.204(b)(2).

#### Case History

The following events have occurred since the Department published the Preliminary Determination on September 6, 2011.<sup>7</sup> On September 1, 2011, petitioners submitted a critical

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<sup>2</sup> We use the term Centurion Companies to refer collectively to Centurion and its cross-owned affiliates under examination in this investigation.

<sup>3</sup> We use the term Xingmin Companies to refer collectively to Xingmin and its cross-owned affiliates under examination in this investigation.

<sup>4</sup> We use the term Jingu Companies to refer collectively to Zhejiang Jingu and its cross-owned affiliates under examination in this investigation.

<sup>5</sup> See Yuantong's and Zhejiang Jinfei's Shipment Questionnaire Responses (May 20, 2011). The public version of each response and all other public versions and public documents for this investigation are available electronically via Import Administration's Antidumping and Countervailing Duty Centralized Electronic Services System (IA ACCESS), located in the Department's Central Records Unit (CRU), Room 7046 of the main Commerce building.

<sup>6</sup> See Memorandum to the File from John Conniff, Trade Analyst, AD/CVD Operations, Office 3, regarding "Examination of Entry Documentation," (August 29, 2011).

<sup>7</sup> See Certain Steel Wheels from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty

circumstances allegation. On September 2, 2011, we issued a fourth supplemental questionnaire to the Government of the People's Republic of China (GOC). On September 7, 2011, petitioners filed new subsidy allegations concerning land provided for less than adequate remuneration to the Centurion Companies and Jingu Companies. On September 9, 2011, we issued to the respondent companies a critical circumstances questionnaire requesting monthly volume and value data for shipments of subject merchandise to the United States. Also, on September 9, 2011, we received the GOC's response to the third supplemental questionnaire.

On September 21, 2011, the Xingmin Companies filed a response to the critical circumstances questionnaire. On September 23, 2011, the GOC submitted its fourth supplemental questionnaire response. On September 26, 2011, the Centurion Companies, Jingu Companies, and Xiamen Sunrise Wheel Group Co., Ltd. (Sunrise) each filed a response to the critical circumstances questionnaire.<sup>8</sup>

On October 3, 2011, the GOC submitted certifications conforming to the formats provided for in the Supplemental Interim Final Rule<sup>9</sup> to replace those certifications it had previously filed with the Department that did not conform with the format provided in the Interim Final Rule.<sup>10</sup>

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Determination, 76 FR 55012 (September 6, 2011) (Preliminary Determination).

<sup>8</sup> Sunrise, a Chinese producer of subject merchandise, had requested to be designated as a voluntary respondent. However, because we determined that the Department had resources to investigate only three companies, we did not designate Sunrise as a voluntary respondent in this investigation. See Preliminary Determination, 76 FR at 55013.

<sup>9</sup> Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings: Supplemental Interim Final Rule, 76 FR 54697 (September 2, 2011) (Supplemental Interim Final Rule).

<sup>10</sup> See Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings: Interim Final Rule, 76 FR 7491 (February 10, 2011) (Interim Final Rule).

On October 5, 2011, we determined that the petitioners' new subsidy allegations were untimely filed and rejected the September 7, 2011, submission.<sup>11</sup> On October 6, 2011, the GOC requested a hearing in this investigation.

On November 2, 2011, we issued a memorandum to the file regarding the scope of the investigation. See Memorandum to the File from Kristen Johnson, Trade Analyst, AD/CVD Operations, Office 3, regarding "Scope of the Investigation," (November 2, 2011). In the memorandum, we explained that because the language of the scope covers steel wheels ranging from 18 to 24.5 inches in diameter regardless of use, the Department preliminarily determined in Steel Wheels AD Preliminary Determination<sup>12</sup> to add all of the Harmonized Tariff Schedule of the United States (HTSUS) categories suggested by CBP to the scope of the AD and CVD investigations on steel wheels from the PRC.

On November 18, 2011, we issued a verification outline to the Xingmin Companies. On November 23, the Xingmin Companies filed additional factual information. On November 28, 2011, the GOC submitted new factual information. On December 2, 2011, the Department issued letters to the Xingmin Companies and the GOC rejecting their additional factual information submissions because those submissions contained untimely filed information. On December 2 and 5, 2011, the Xingmin Companies and the GOC, respectively, re-filed their additional factual submissions excluding that information found by the Department to be untimely. On December 5 and 6, 2011, the GOC and Xingmin Companies, respectively, submitted comments disagreeing with Department's finding that their initial additional factual

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<sup>11</sup> See Memorandum to Melissa G. Skinner, Director, AD/CVD Operations, Office 3, from Robert Copyak, Senior Financial Analyst, regarding "Decision Memorandum Regarding Petitioners' New Subsidy Allegations," (October 5, 2011).

<sup>12</sup> See Certain Steel Wheels from the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, Partial Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination, 76 FR 67703 (November 2, 2011) (Steel Wheels AD Preliminary Determination).

information submissions contained untimely information. Also, on December 5 and 6, 2011, the Department conducted verification of the questionnaire responses submitted by the Xingmin Companies.

On December 6, 2011, we issued a post-preliminary questionnaire to all interested parties regarding the scope of the AD and CVD investigations on steel wheels from the PRC.<sup>13</sup> On December 13, 2011, petitioners, the Xingmin Companies, Jingu Companies, and Jiaxing Stone Wheel Co., Ltd.,<sup>14</sup> each submitted a post-preliminary supplemental questionnaire response to the Department. On December 22 and 23, 2011, Blackstone/OTR LLC and OTR Wheel Engineering, Inc. (collectively, Blackstone/OTR), a U.S. importer of the subject merchandise, and petitioners, respectively, submitted rebuttal comments to the post-preliminary supplemental questionnaire responses.

We issued the verification reports for the Xingmin Companies on January 6, 2012. We issued the verification reports for the Centurion Companies and the GOC on January 30, 2012. We issued the verification report for the Jingu Companies on January 31, 2012.

On February 7, 2012, case briefs were submitted by the GOC, Centurion Companies, Jingu Companies, Xingmin Companies, and Blackstone/OTR. A rebuttal brief was filed by petitioners on February 13, 2012. On February 22, 2012, the GOC notified the Department that it was withdrawing its request for a hearing in this investigation.

On March 2, 2012, we published the Preliminary Critical Circumstances Determination,<sup>15</sup> in which the Department discussed the arguments made by petitioners.<sup>16</sup> On March 6, 2012, case

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<sup>13</sup> See Memorandum to the File from Kristen Johnson, Trade Analyst, AD/CVD Operations, Office 3, regarding “Post-Preliminary Supplemental Questionnaire Issued to All Interested Parties,” (December 6, 2011).

<sup>14</sup> A Chinese producer of steel wheels.

<sup>15</sup> See Certain Steel Wheels from the People’s Republic of China: Notice of Preliminary Negative Determination of Critical Circumstances, 77 FR 12812 (March 2, 2012) (Preliminary Critical Circumstances Determination).

<sup>16</sup> In the Preliminary Critical Circumstances Determination, the Department stated the following:

briefs were submitted by interested parties concerning the Preliminary Critical Circumstances Determination and rebuttal briefs were filed on March 9, 2012.

On March 6, 2012, the Department rejected Blackstone/OTR's February 7, 2012, case brief because it contained new factual information. Blackstone/OTR re-filed its case brief excluding the new factual information on March 8, 2012.

### Scope of Investigation

The products covered by this investigation are steel wheels with a wheel diameter of 18 to 24.5 inches. Rims and discs for such wheels are included, whether imported as an assembly or separately. These products are used with both tubed and tubeless tires. Steel wheels, whether or not attached to tires or axles, are included. However, if the steel wheels are imported as an assembly attached to tires or axles, the tire or axle is not covered by the scope. The scope includes steel wheels, discs, and rims of carbon and/or alloy composition and clad wheels, discs, and rims when carbon or alloy steel represents more than fifty percent of the product by weight. The scope includes wheels, rims, and discs, whether coated or uncoated, regardless of the type of coating.

Imports of the subject merchandise are provided for under the following categories of the HTSUS: 8708.70.05.00, 8708.70.25.00, 8708.70.45.30, and 8708.70.60.30. Imports of the subject merchandise may also enter under the following categories of the HTSUS:

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Petitioners provided Census Bureau Data, which they contend demonstrate that imports of subject merchandise increased by more than 15 percent, which is required to be considered "massive" under section 351.206(h)(2) of the Department's regulations. Petitioners submit that, by volume, imports increased approximately 48 percent from 510,174 wheels in the first quarter of 2011, to 753,604 wheels in the second quarter of 2010. *Id.* at 3 and Exhibit 1. Petitioners also contend that, by value, imports increased approximately 40 percent, from \$17,787,704 in the first quarter of 2011, to \$24,893,481 in the second quarter of 2010. *Id.*

*See* 77 FR at 12812. In discussing the second quarter import data supplied by petitioners we inadvertently referred to 2010 rather than 2011.

8406.90.4580, 8406.90.7500, 8420.99.9000, 8422.90.1100, 8422.90.2100, 8422.90.9120, 8422.90.9130, 8422.90.9160, 8422.90.9195, 8431.10.0010, 8431.10.0090, 8431.20.0000, 8431.31.0020, 8431.31.0040, 8431.31.0060, 8431.39.0010, 8431.39.0050, 8431.39.0070, 8431.39.0080, 8431.43.8060, 8431.49.1010, 8431.49.1060, 8431.49.1090, 8431.49.9030, 8431.49.9040, 8431.49.9085, 8432.90.0005, 8432.90.0015, 8432.90.0030, 8432.90.0080, 8433.90.1000, 8433.90.5020, 8433.90.5040, 8436.99.0020, 8436.99.0090, 8479.90.9440, 8479.90.9450, 8479.90.9496, 8487.90.0080, 8607.19.1200, 8607.19.1500, 8708.70.1500, 8708.70.3500, 8708.70.4560, 8708.70.6060, 8709.90.0000, 8710.00.0090, 8714.19.0030, 8714.19.0060, 8716.90.1000, 8716.90.5030, 8716.90.5060, 8803.20.0015, 8803.20.0030, and 8803.20.0060. These HTSUS numbers are provided for convenience and customs purposes only; the written description of the scope is dispositive.

#### Injury Test

Because the PRC is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Tariff Act of 1930, as amended (the Act), the International Trade Commission (the ITC) is required to determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry. On May 20, 2011, the ITC published its preliminary determination finding that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports from China of certain steel wheels.<sup>17</sup>

#### Critical Circumstances

In the Preliminary Critical Circumstances Determination, the Department concluded that critical circumstances do not exist with respect to steel wheels from the PRC produced and

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<sup>17</sup> See Certain Steel Wheels From China, Investigation Nos. 701-TA-478 and 731-TA-1182 (Preliminary), 76 FR 29265 (May 20, 2011).

exported by the Jingu Companies, the Centurion Companies, and the Xingming Companies, in accordance with section 703(e)(1) of the Act. See Preliminary Critical Circumstances Determination, 77 FR at 12813-12814. However, in the Preliminary Critical Circumstances Determination the Department concluded that critical circumstances exist for imports from “all other” exporters of steel wheels from the PRC. Id. Our analysis of the results of verification and the comments submitted by interested parties has not led us to change our findings from the Preliminary Critical Circumstances Determination. Therefore, in accordance with section 705(a)(2) of the Act, we continue to find that critical circumstances exist with respect to imports from “all other” exporters of steel wheels from the PRC.

#### Analysis of Comments Received

All issues raised in the case and rebuttal briefs submitted by parties to this investigation are addressed in the Issues and Decision Memorandum, dated concurrently with this notice and which is hereby adopted by this notice. A list of the issues which parties raised, and to which we have responded in the Issues and Decision Memorandum, is attached to this notice as an Appendix. The Issues and Decision Memorandum is a public document and is on file electronically via Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). Access to IA ACCESS is available in the Central Records Unit (CRU), room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the internet at <http://www.trade.gov/ia/>. The signed Issues and Decision Memorandum and the electronic version of the Issues and Decision Memorandum are identical in content.



### Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we have calculated an individual rate for subject merchandise produced and exported by each company under investigation. We determine the total estimated net countervailable subsidy rates to be:

Producer/Exporter	Net Subsidy <u>Ad Valorem</u> Rate
Jining Centurion Wheel Manufacturing Co., Ltd. (Centurion) and Jining CII Wheel Manufacture Co., Ltd. (Jining CII) (collectively the Centurion Companies)	25.66%
Shandong Xingmin Wheel Co., Ltd. (Xingmin) and Sino-tex (Longkou) Wheel Manufacturers Inc. (Sino-tex) (collectively, the Xingmin Companies)	32.62%
Zhejiang Jingu Company Limited (Zhejiang Jingu), Chengdu Jingu Wheel Co., Ltd. (Chengdu), Zhejiang Wheel World Industrial Co., Ltd. (Zhejiang Wheel World), and Shanghai Yata Industrial Co., Ltd. (Shanghai Yata) (collectively the Jingu Companies)	38.32%
All Others	34.55 %

Section 705(c)(5)(A) of the Act state that for companies not investigated, we will determine an all-others rate by weighting the individual company subsidy rate of each of the companies investigated by each company's exports of the subject merchandise to the United States. The all others rate may not include zero and de minimis rates or any rates based solely on the facts available. In this investigation, all three individual rates can be used to calculate the all others rate. Therefore, we have assigned the weighted-average of these three individual rates to all other producers/exporters of steel wheels from the PRC.

As a result of our Preliminary Determination and pursuant to section 703(d) of the Act, we instructed CBP to suspend liquidation of all entries of subject merchandise from the PRC which were entered or withdrawn from warehouse, for consumption on or after September 6, 2011, the date of the publication of the Preliminary Determination in the Federal Register. Subsequently, as a result of our Preliminary Critical Circumstances Determination, we instructed

CBP to suspend liquidation of all entries of subject merchandise from “all other” exporters of steel wheels from the PRC which were entered or withdrawn from warehouse, for consumption on or after June 8, 2011, which is 90 days prior to the date of publication in the Federal Register of the Preliminary Determination.

In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after January 4, 2012, but to continue the suspension of liquidation of all entries from September 6, 2011, through January 3, 2012.

We will issue a CVD order and reinstate the suspension of liquidation under section 706(a) of the Act if the ITC issues a final affirmative injury determination, and will require a cash deposit of estimated CVDs for such entries of merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

#### ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Import Administration.

### Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This determination is published pursuant to sections 705(d) and 777(i) of the Act.

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Paul Piquado  
Assistant Secretary  
for Import Administration

March 16, 2012  
Date

## APPENDIX

### List of Comments and Issues in the Decision Memorandum

- Comment 1:** Application of CVD Law to Non-Market Economies (NMEs)
- Comment 2:** Application of CVD Law to NMEs Results in Double-Counting
- Comment 3:** Whether the Burden of Proving Double-Counting Lies with Respondents
- Comment 4:** Proper “Cut-Off” Date to be Applied in the Investigation
- Comment 5:** Whether the Department’s Examination of Additional Subsidy Program Was Lawful
- Comment 6:** Whether It Was Appropriate for the Department to Reject the Xingmin Companies’ Factual Information
- Comment 7:** Whether It Was Appropriate for the Department to Reject Centurion Companies’ Factual Information
- Comment 8:** Whether Certain Hot-Rolled Steel (HRS) Producers Constitute Government Authorities That Provide a Financial Contribution
- Comment 9:** Whether Purchases of HRS from Domestic Trading Companies Constituted a Financial Contribution
- Comment 10:** Whether the GOC Acted to the Best of Its Ability to Provide Information Regarding the Ownership Status of HRS Producers
- Comment 11:** The Extent to Which Chinese Communist Party (CCP) Membership is Relevant in Determining Whether HRS Producers Are Government Authorities Capable of Providing a Financial Contribution
- Comment 12:** Whether the Department Applied Consistent Treatment of HRS Producers In Terms of Ownership Status
- Comment 13:** Data Source to Be Used for the Jingu Companies Under the HRS for Less Than Adequate Remuneration (LTAR) Program
- Comment 14:** Whether the Department Should Use a Tier-One, In-Country Benchmark in the Benefit Calculation of the HRS for LTAR Program
- Comment 15:** Use of HRS Benchmark Data That More Accurately Correspond to Respondents’ Domestic Purchases of HRS
- Comment 16:** Whether the Department Should Reduce the HRS Benchmark to Account for the Cash Discounts that the Jingu Companies Receive from Their HRS Suppliers
- Comment 17:** Whether the HRS Benchmark Prices Should Be Adjusted Downward to Reflect the Prices the Jingu Companies Paid for Non-Pickled and Non-Oiled HRS
- Comment 18:** Whether the Provision of HRS for LTAR Is Specific Under the CVD Law
- Comment 19:** Whether It Was Appropriate to Apply AFA With Regard to the GOC Concerning the Provision of Electricity for LTAR Program
- Comment 20:** Whether the Provision of Electricity Is Not Countervailable Because the Program Provides General Infrastructure Which Does Not Constitute a Financial Contribution
- Comment 21:** Whether Banks in the PRC Are Government Authorities Capable of Providing a Financial Contribution
- Comment 22:** Whether a Causal Nexus Exists Between the GOC’s Industrial Policies and Loans Received by Respondents

- Comment 23:** Whether the Department Should Use a PRC-Based Tier-One or Tier-Two Benchmark in the Benefit Calculations of the Policy Lending Program
- Comment 24:** Whether the Department's Short-Term and Long-Term Benchmark Interest Rate Calculations Are Flawed
- Comment 25:** Whether Tax Benefits Under Article 28 of the Foreign Invested Enterprise (FIE) Tax Law Are Specific
- Comment 26:** Revision to Import Duty Rate for Testing Machinery
- Comment 27:** The Sales Denominator to Be Used in the Benefit Calculations of the Jingu Companies
- Comment 28:** Use of Revised Data to Calculate Benefits Received by the Centurion Companies Under the Two Free, Three Half Program
- Comment 29:** Whether IPO Grants from the Fuyang and Hangzhou City Governments Are Countervailable
- Comment 30:** Whether the Administrative Record of this Case Supports a Finding of Critical Circumstances
- Comment 31:** Whether the Scope Should Exclude Off-Road/Non-Department of Transportation Specification Stamped Wheels

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